



General Assembly

Substitute Bill No. 5769

February Session, 2002

AN ACT CONCERNING THE PURCHASE OF ADDITIONAL CREDITED SERVICE IN THE TEACHERS' RETIREMENT SYSTEM, THE EXCESS EARNINGS ACCOUNT, THE EARLY RETIREMENT INCENTIVE PROGRAM, CREDIT FOR SERVICE WITH CERTAIN BARGAINING ORGANIZATIONS, REDUCTIONS IN THE NUMBER OF YEARS OF CREDITED SERVICE NEEDED FOR A NORMAL RETIREMENT BENEFIT, THE CONTRACTUAL NATURE OF MEMBERSHIP IN THE SYSTEM, AND THE PAYMENT OF HEALTH INSURANCE SUBSIDIES TO LOCAL SCHOOL DISTRICTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 10-183e of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2002*):

4 (c) Additional credited service must be purchased by a member (1)
5 [at] prior to the time of retirement, [or] (2) at the time a surviving
6 spouse elects benefits under the provisions of subsection (d) of section
7 10-183h, or (3) at the time benefits commence [under an optional
8 payment form pursuant to section 10-183j. Any purchase of service
9 shall be accomplished by the member paying to the board an amount
10 equal to one-half of the actuarial present value, determined according
11 to actuarial tables adopted by the board, of the difference between the
12 retirement benefit which the member is entitled to receive based upon
13 his or her service apart from such purchased service and the benefit
14 which he or she is entitled to receive including such service] as
15 provided under sections 10-183g, as amended by this act, and 10-183jj,

16 as amended by this act. Any purchase of such service shall be
17 accomplished by the member paying to the board an amount
18 determined on the basis of actuarial factors adopted by the board
19 which reflect the present value of one-half of the full actuarial cost of
20 the benefit increase that will be derived by the purchase of such
21 service. Such factors shall consider the member's age at the time of
22 purchase, actual or projected salary, and the earliest date on which the
23 member would be eligible for a normal retirement allowance.
24 Payments for additional credited service may be made in a lump sum
25 by transfer of funds from the member's accumulated one per cent
26 contributions withheld prior to July 1, 1989, with credited interest and
27 accumulated voluntary contributions with credited interest plus such
28 other amounts as may be required to complete the purchase.

29 Sec. 2. Subsection (m) of section 10-183g of the general statutes is
30 repealed and the following is substituted in lieu thereof (*Effective July*
31 *1, 2002*):

32 (m) If the plan actuaries have certified in accordance with
33 subsection (n) of this section that the amount of the [excess earnings
34 account] cost of living adjustment reserve account which is available
35 for payment of a cost of living allowance is insufficient to fund the full
36 amount determined under subsection (l) of this section, each person
37 eligible for an annual cost of living allowance under said subsection (l)
38 shall be eligible for a cost of living allowance reduced proportionately
39 to a percentage that is actuarially supported by the amount so
40 certified, in lieu of the cost of living allowance provided under said
41 subsection (l), provided no cost of living allowance shall exceed six per
42 cent and provided further, if the total return earned by the trustees on
43 the market value of the pension assets for the preceding fiscal year is
44 less than eight and one-half per cent, any cost of living allowance
45 granted shall not exceed one and one-half per cent.

46 Sec. 3. Subsection (n) of section 10-183g of the general statutes is
47 repealed and the following is substituted in lieu thereof (*Effective July*
48 *1, 2002*):

49 (n) To administer cost of living allowances provided under
50 subsections (l) and (m) of this section, there is established the [excess
51 earnings account] cost of living adjustment reserve account which shall
52 be a separate account established within the Teachers' Retirement
53 Fund. For the calendar year commencing January 1, 1995, and each
54 subsequent calendar year, the [excess earnings account] cost of living
55 adjustment reserve account shall be credited by an amount equal to
56 that portion of the total return earned by the trustees on the market
57 value of the pension assets for the preceding fiscal year which is a total
58 return in excess of eleven and one-half per cent. The [excess earnings
59 account] cost of living adjustment reserve account shall be reduced
60 each year by the actuarial value of any cost of living allowance
61 awarded. On May first, annually, the plan actuaries shall determine
62 how much of the [excess earnings account] cost of living adjustment
63 reserve account balance is available for payment of a cost of living
64 adjustment determined in accordance with the provisions of this
65 section and shall certify their determination to the trustees of the
66 Teachers' Retirement Fund. If the plan actuaries determine that there
67 are no funds available in the [excess earnings account] cost of living
68 adjustment reserve account for the payment of a cost of living
69 allowance, no cost of living allowance shall be paid.

70 Sec. 4. Subsection (e) of section 10-183jj of the general statutes is
71 repealed and the following is substituted in lieu thereof (*Effective July*
72 *1, 2002*):

73 (e) For each year of additional credited service purchased pursuant
74 to this section, the local or regional board of education shall pay an
75 amount specified by the Teachers' Retirement Board equal to the
76 actuarial present value, determined according to actuarial tables
77 adopted by the Teachers' Retirement Board, of the difference between
78 the retirement benefit which the member is entitled to receive based
79 upon [his or her] the member's service apart from such purchased
80 service and the benefit which [he or she] the member is entitled to
81 receive including such service. Payments shall be made in accordance
82 with rules adopted by the Teachers' Retirement Board. Such payments

83 must be received not later than thirty days following the date payment
84 is requested or interest shall be assessed from the date on which such
85 payment was due to the date on which such payment was received.
86 When a board of education purchases additional credited service for a
87 member pursuant to this section, the Teachers' Retirement Board shall
88 notify the member in writing. Payment for additional service credit
89 purchased pursuant to this section may be made in equal annual
90 installment payments, including interest, not to exceed the number of
91 years being purchased by the local or regional board of education. Late
92 payments and outstanding obligations from a prior year's purchase or
93 late payment of monthly mandatory contributions shall be paid in full
94 prior to the initiation of a new early retirement incentive plan or such
95 amounts shall be included as part of the cost of the new early
96 retirement incentive plan. Interest shall be assessed on installment
97 payments and late payments as provided by subsection (b) of section
98 10-183n. Any additional credited service purchased for any such
99 member shall be in addition to any credited service purchased
100 pursuant to section 10-183e, as amended by this act.

101 Sec. 5. Subsection (g) of section 10-183e of the general statutes is
102 repealed and the following is substituted in lieu thereof (*Effective July*
103 *1, 2002*):

104 (g) Any member who has been elected to a full-time or part-time
105 position in an organization which has been duly designated as the
106 teachers' representative or who has been elected to a full-time or part-
107 time position in [the] a state-wide, national or international bargaining
108 organization [with which the local bargaining organization is
109 affiliated, under the provisions of section 10-153b,] may, during the
110 time [he] such member so serves, continue [his] membership and may
111 make, or have made for [him] such member, payments of [his]
112 contributions for such time, provided the organization which such
113 [teacher] member represents shall pay the full actuarial cost that would
114 otherwise be incurred by the state for the time such [teacher] member
115 serves in excess of one year. If payment is made during such periods or
116 at any time before retirement, such member shall receive credit for

117 such service and shall be considered as serving as a public school
118 teacher in the state for the purpose of computing length of service, and
119 for the purpose of computing average annual salary, and shall be
120 considered by the retirement board as though [he] such member were
121 remaining in [his] such member's latest teaching position.

122 Sec. 6. Subsection (a) of section 10-183f of the general statutes is
123 repealed and the following is substituted in lieu thereof (*Effective July*
124 *1, 2002*):

125 (a) A member is eligible to receive a normal retirement benefit who
126 (1) has attained age sixty and has accumulated twenty years of
127 credited service in the public schools of Connecticut, or (2) has attained
128 any age, has accumulated at least twenty-five years of credited service
129 in the public schools of Connecticut, and has accumulated (A) as of
130 June 30, 2004, thirty-five years of credited service, [at least twenty-five
131 years of which are service in the public schools of Connecticut] (B) as
132 of July 1, 2004, to June 30, 2006, inclusive, thirty-four years of credited
133 service, (C) as of July 1, 2006, to June 30, 2008, inclusive, thirty-three
134 years of credited service, or (D) on and after July 1, 2008, thirty-two
135 years of credited service.

136 Sec. 7. Section 10-183c of the general statutes is repealed and the
137 following is substituted in lieu thereof (*Effective July 1, 2003*):

138 The Connecticut teachers' retirement system is established to
139 provide retirement and other benefits for teachers, their survivors and
140 beneficiaries. The rights of the members of the teachers' retirement
141 system are contractual in nature. Such members have a contractual
142 right, which is legally enforceable.

143 Sec. 8. Section 10-183t of the general statutes is amended by adding
144 subsection (e) as follows (*Effective July 1, 2002*):

145 (NEW) (e) Effective January 1, 2004, and annually thereafter, the
146 maximum subsidy payment made in accordance with the provisions of
147 subsection (b) of this section, for retired members and their spouses or

148 surviving spouses who are enrolled in their local school district's
149 health plan, shall be adjusted based on the cost of living index for the
150 national consumer price index for urban wage earners and clerical
151 workers, (CPI-W), for medical care, for the twelve-month period
152 ending on the last day of the preceding August.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>
Sec. 5	<i>July 1, 2002</i>
Sec. 6	<i>July 1, 2002</i>
Sec. 7	<i>July 1, 2003</i>
Sec. 8	<i>July 1, 2002</i>

APP *Joint Favorable Subst.*